S. Hrg. 102–49

NOMINATION OF ROCKWELL A. SCHNABEL

HEARING

BEFORE THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION UNITED STATES SENATE

ONE HUNDRED SECOND CONGRESS

FIRST SESSION

ON

ROCKWELL A. SCHNABEL, TO BE DEPUTY SECRETARY, DEPARTMENT OF COMMERCE

MARCH 11, 1991

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NOMINATION OF ROCKWELL A. SCHNABEL

MONDAY, MARCH 11, 1991

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Committee met, pursuant to notice, at 3:32 p.m. in room SR-253, Russell Senate Office Building, Hon. Ernest F. Hollings, (Chairman of the Committee), presiding.

Staff members assigned to this hearing: Pat Windham, professional staff member; Loretta Dunn, staff counsel; and Leslie Blosse, minority professional staff member.

OPENING STATEMENT BY THE CHAIRMAN

The CHAIRMAN. Good afternoon. The hearing will please come to order.

We are having this confirmation hearing somewhat on a rushed basis. I only mention that because Secretary Mosbacher is going to Kuwait on Wednesday and he wanted to have a Deputy confirmed and in office. We said we would be delighted to try to have an impromptu confirmation hearing here and see what we could do with our colleagues to try to satisfy the Secretary.

Secretary Schnabel, our friend Senator Rockefeller wanted to be here, and I know Senator Danforth did and some of the others.

Good afternoon, and welcome to this hearing on the nomination of Mr. Rockwell Schnabel to be the Deputy Secretary of Commerce. Mr. Schnabel is well-known to this Committee because of the position he currently holds, the post of Under Secretary of Commerce for Travel and Tourism. He already is familiar with many parts of the Commerce Department, and I know that Secretary Mosbacher looks forward to having him as Deputy Secretary. I also know that the Secretary is anxious to have Mr. Schnabel confirmed in his new position as soon as possible, which is why I am making every effort to expedite the confirmation process.

Mr. Schnabel came to the Commerce Department after a long and distinguished career in both investment banking and diplomacy. From 1959 until February 1986, he held a number of positions in California investment banking firms. Then from February 1986 until March 1989, he served with distinction as United States Ambassador to Finland. He has served as the Under Secretary for Travel and Tourism since August 1989.

Mr. Schnabel comes to the post of Deputy Secretary at a critical time in our nation's history. The United States has won the Cold War and the Gulf War; the big question now is whether we win or lose the trade war, the great contest to see which countries lead the world economy in the 21st century.

Today, we are losing that economic war. Despite the low value of the dollar and increased exports, this nation continues to run annual trade deficits of over $100 billion. With regard to the key technologies of the future, the Commerce Department's own study found that the United States is losing or losing badly, relative to Japan and Europe, in many of these key technical areas. We saw in the Persian Gulf how important advanced technology is to our national defense. It is also vital to our future prosperity and standard of living. The country now faces an historic decision as to whether it will rebuild its lead in technology and industry or continue its long decline into the status of a second-class economic power.

I have discussed these issues with Mr. Schnabel, and I know that he shares my concerns and shares with both Congress and Secretary Mosbacher the belief that the Commerce Department can and should actively contribute to our national prosperity. I look forward to hearing from him today.

I am pleased that our distinguished colleague from Montana, Senator Burns, is here today to introduce the nominee. I want to add that Senator Rockefeller, Chairman of our Subcommittee on Foreign Commerce and Tourism, also very much wanted to be here today to introduce the nominee. Senator Rockefeller and Mr. Schnabel have worked closely together on tourism issues, and will continue to work together when the nominee is confirmed.

Unfortunately, a scheduling conflict prevented Senator Rockefeller from being here today.

Senator Burns, I am glad that you could be here this afternoon to introduce Mr. Schnabel. The Committee would be pleased to hear from you at this time.

The CHAIRMAN. I will now recognize our distinguished colleague here from Montana. Senator Burns.

OPENING STATEMENT BY SENATOR BURNS

Senator BURNS. Thank you, Mr. Chairman. It gives me a great deal of pleasure to introduce Ambassador Rockwell Schnabel today as the next Deputy Secretary of Commerce.

Rockwell currently lends his long history of experience in a very important position as Under Secretary of Travel and Tourism in the Department of Commerce, after having served as American Ambassador to Finland in Helsinki. In August 1989, Ambassador Schnabel was appointed to lead the efforts of the United States Travel and Tourism Administration, and since that time we have worked very closely on numerous projects dealing with international travel and, of course, tourism.

I found many things in his favor. He was very easy to work with and very knowledgeable of the industry that he represented on behalf of the Commerce Department. He updated and enlightened us all on the importance of tourism, especially foreign visitors into this country, as it is now a $6 billion export surplus that we enjoy in our balance of trade. It is a very large industry and I think he has made us all aware of just how important it has become.

Right after he was confirmed, we had an opportunity to visit Mr. Schnabel up in my home State of Montana. He was vacationing at one of our delightful facilities, White Sulfur Springs, Montana. It was there that I soon learned that his talents on working within the bureaucracy and of course in trade and tourism did not carry over to his fly fishing.

I told him immediately it was in the wrist. And, of course, you know how Ambassadors are; their wrists get them in trouble a lot of times. So he has learned to use it very capably.

But he is a man that understands that the business of this country is business, and the role it plays in commerce both here at home and abroad. So, I heartily recommend Rockwell Schnabel and bid him good luck as the new Deputy Secretary of Commerce.

The CHAIRMAN. Very good. The committee thanks you, Senator Burns, and I am sure you will take your seat up here and we may both join in a few questions here.

Secretary Schnabel, you have done an outstanding job. We know the record. We have had a confirmation hearing for you before. But let me hear you on this particular responsibility. We welcome you to the committee and would be glad to hear from you.

We will include in the record your biographical sketch and the prehearing questions with your answers.

[The biographical sketch and questions and answers follow:]

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United States Senate
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
WASHINGTON, DC 20510-6125

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

(If more space is needed, please use attached REMARKS sheet)

A. BIOGRAPHICAL DATA

1. Name: Schnabel (Last) Rockwell (First) Anthony (Other)

   Address: 526 N. Carmelina Ave., Los Angeles, Calif. 90049 (Current residence)

   Department of Commerce, 14th St. & Constitution Ave., N.W. (Business) Washington, D.C. 20230

   NOTE: When in Washington, resides at the Ritz Carlton Hotel, 2100 Mass. Ave., N.W., Washington, D.C. 20008

2. Position to which nominated: Deputy Secretary of Commerce

   Date of nomination: February 6, 1991

3. Date of birth: December (month) 30 (day) 1936 (year)

   Place of birth: Amsterdam, The Netherlands

4. Marital status: Married

   Full name of Spouse: Marna Belle Del Mar Schnabel

5. Names and ages of children: Mary Darrin Schnabel (25)

   Christy Ann Schnabel (24)

   Everton Anthony Schnabel (20)

6. Education:

Institution	Dates attended	Degrees received	Dates of degrees
Trinity College (The Netherlands)	1952-1956	none	

7. Employment record: List all positions held since college, including the title or description of job, name of employer, location of work, and dates of inclusive employment.

From	To	Name of employer	Address	Type of work
8/89	Present	U.S. Dept. of Commerce	14th & Constitution Washington, D.C.	Under Secretary for Travel & Tourism
3/89	8/89	U.S. Dept. of Commerce	(same as above)	Consultant
2/86	3/89	U.S. Dept. of State	American Embassy Helsinki, Finland	Ambassador
1/83	2/86	Morgan, Olmstead, Kennedy & Gardner, Inc.	Los Angeles, Calif.	Deputy Chairman; Investment Banking
12/65	1/83	Bateman Eichler, Hill Richards, Inc.	Los Angeles, Calif.	Investment Banking
9/59	12/65	Quincy Cass Associates	Los Angeles, Calif.	Investment Banking
6/59	9/59	Air National Guard (Basic Training)	San Antonio, Texas	Basic Training

** CONTINUED UNDER SECTION H**

8. Government experience: List any experience in or direct association with Federal, State, or local governments including any advisory, consultative, honorary or other part-time service or positions.

1. 8/89 to Present: Under Secretary of Commerce for Travel & Tourism
2. 3/89 to 8/89: Consultant to the Department of Commerce
3. 2/86 to 3/89: U.S. Ambassador to the Republic of Finland

9. Political affiliations activities: List all memberships and offices held in or financial contributions and services rendered to all political parties or election committees during the last 10 years.

MEMBERSHIPS: Team 100; The Presidential Trust; Fund for America's Future; Citizens For America

I have served on dinner committees for Presidents Reagan, Nixon and Ford, and also for former Senator Pete Wilson and Congressman Barry Goldwater, Jr.; I also served on both the finance committee and dinner committee for California Lt. Governor Mike Curb.

A separate listing of political contributions is attached.

ATTACHMENT TO
STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Submitted By: Rockwell A. Schnabel

Question #9: Political Affiliations and Activities

Financial contributions made over the past ten years are as follows:

Date	Amount	Recipient
11/16/81	$ 1,000	Dreier for Congress
05/19/82	5,000	Mike Curb Committee
06/14/82	1,000	Pete McClosky for Senate
06/17/82	10,000	California Republican Party
07/09/82	1,000	Democratic National Committee
11/01/82	1,000	Committee for Assemblyman Goggin
04/13/83	1,000	California Republican Party
06/27/83	1,000	California Republican Party
08/10/84	1,000	Californians for Senator Pete Wilson
10/17/84	5,000	Victory '84
10/19/84	2,000	Victory '84
01/14/85	1,000	Republicans Abroad
04/19/85	1,000	Art Laffer for U.S. Senate Exploratory Cte.
04/01/86	1,000	George Wolverton for Congress
05/11/86	12	Republican Trunkline
05/11/86	50	Republican Party - City of Los Angeles
08/20/86	2,000	Ed Zschau for Senate
09/10/86	750	Bush Campaign
09/26/86	2,000	Calif. Rep. Party for California Candidates
10/26/86	198	Gloria Stout for Assembly
01/27/87	5,000	Fund for America's Future
03/05/87	500	Bush Campaign
05/22/87	2,500	Friends of Tom Bradley
09/01/87	5,000	Campaign America
09/01/87	500	Kemp for President
10/31/87	1,000	Dole for President
01/06/88	1,000	Kemp for President
03/05/88	50	Campaign Reform Committee
03/15/88	10,000	Fund for America's Future
04/26/88	500	Bradley for Mayor
05/31/88	10,000	Presidential Trust
06/14/88	10	Citizens for Common Sense

Date	Amount	Recipient
10/05/88	$50,000	California Republican Party
10/10/88	500	Committee to Elect Curt Pringle
12/10/88	5,090	Republican National Committee
10/16/89	1,000	Dreier for Congress
11/02/89	1,000	Rob Mosbacher for Lt. Governor
1989	1,000	Pete Wilson
01/14/90	50	California Republican Party
03/16/90	1,000	Pete Wilson
07/04/90	1,000	Pete Wilson for Governor
09/05/90	1,000	David Dreier for Congress
10/01/90	750	Pete Wilson for Governor (First Lady's Dinner)
10/18/90	1,000	Pete Wilson for Governor (dinner)
11/04/90	20	Calif. Republican Party

10. Memberships: List all memberships and offices held in professional, fraternal, scholarly, civic, charitable, and other organizations.

CURRENT MEMBERSHIPS:

- Council of American Ambassadors
- L.A. World Affairs Council
- The California Club
- Pepperdine Associates
- Kappa Beta Phi
- The Beach Club (Los Angeles)
- The Regency Club (Los Angeles)

FORMER MEMBERSHIPS:

-Citizens For America (co-chair of Finance Committee)
-Board of Trustees of the following: Los Angeles Balle Crossroads School, the John Thomas Dye School
-Citizens Advisory Committee of the Los Angeles Olympic Committee (also served as both the Envoy and the Attache to the Netherlands Olympic Team during the 1984 Olympic Games)

11. Honors and awards: List all scholarships, fellowships, honorary degrees, honorary society memberships, and any other special recognitions for outstanding service or achievement.

2/89: The Grand Cross of the Order of the Lion in Finland, awarded by the President of Finland

1985: Medal of Honor given by the Netherlands Olympic Committee and also the Gold Medal awarded by the Dutch government; both given for work as the Envoy and Attache to the Dutch Olympic Team in 1984

1981: Commander of the Order of Good Hope, given by the South African government (for service as an Honorary Consul in Los Angeles from 1968-1981)

12. Published writings: List the titles, publishers, and dates of books, articles, reports, or other published materials you have written.

None

QUESTIONS OF THE CHAIRMAN AND THE ANSWERS THERETO

GENERAL

1. Principal Responsibilities

Question. What will be your most important responsibilities as Deputy Secretary of Commerce? Has Secretary Mosbacher indicated that he would like you to concentrate on any particular activities or policy areas?

Answer. Secretary Mosbacher and I have had numerous discussions about the management of the Department and its programs. He has assured me that I will be deeply involved across the range of issues facing the Department. In particular, we discussed the need for attention to competitiveness and trade issues. I know these are subjects of great interest to members of Congress as well. I will also be giving considerable attention to the internal management of Commerce.

2. Issues Before DOC

Question. What do you consider to be the most important policy issues confronting the Department of Commerce (DOC)? Which issues do you believe should receive the highest priority?

Answer. Although the Department faces many issues that demand high priority attention, competition in the world marketplace is perhaps the biggest and most important challenge we face. As President Bush said, "We must recognize that our economic strength depends upon being competitive in world markets."

But we also recognize the significance of issues and opportunities throughout the Department. For example, we are aggressively moving on the President's government-wide program to improve the quality of economic statistics and on strengthening the quality and impact of minority business services. NOAA's scientific and research programs play a vital role in the government's climate and global change efforts and its weather service modernization demands close attention. Internally, we will be continuing our Total Quality Management initiative and will be working hard on the modernization of the Department's financial management systems.

3. Accomplishments

Question. What do you consider to be your two or three most important accomplishments during the time that you have served as Under Secretary of Commerce for Travel and Tourism?

Answer. One of my first goals upon joining USTTA was to establish more accurate statistical reports about the number of foreign travellers visiting the U.S. and the amount of money they spend here. The improved statistics showed that foreign arrivals and spending were substantially greater

than previously estimated and that the U.S. was working toward a travel trade surplus. This led to the satisfaction of another major goal which was to garner more respect for the travel industry from Congress and people outside Washington. The new statistics caught the attention of the press and began showing up on newspapers' financial pages. Congress took notice, and I believe now recognizes that USTTA plays an important role.

Also, I would have to say that leading a tourism trade and investment mission to Mexico, which I did at Secretary Mosbacher's request in November 1990, was one of the major achievements. As a result of the mission, ties in trade and tourism, and tourism investment between the United States and Mexico were markedly improved. With Mexico's liberalization of the investment codes for tourism investment, and with personal interventions as well as an active campaign to increase the number of U.S. private sector investors in Mexico's tourism industry, new investments and new relationships have been established.

Another major achievement was convincing the Administration to submit a fiscal year 1992 budget request to Congress that included more than $2 million of much needed program increases above the adjusted base budget. This was the first time since the 1970's that the USTTA budget contained program expansion. @PARA8 = Finally, persuading the American Express Company to develop a new theme for use by the U. S. Travel and Tourism Administration at no cost to the Government was another major achievement. The total cost of the American Express Company's endeavor was approximately $1 million making it one of the largest "gifts" ever made to the Department of Commerce by the private sector.

4. Recusal Arrangements

Question. In a February 8 ethics letter, Deputy General Counsel Dan Haendel states that, if confirmed, you will issue a revised recusal form. He adds: "This recusal will apply to his interests in automobile parts, electronic equipment, financial services, semiconductors, and television broadcasting companies, as well as his other holdings." Could you please explain the extent to which you must recuse yourself from DOC decisions in these business areas? For example, in the area of semiconductors, will you or will you not be able to participate in decisions regarding such issues as the proposed renewal of the Semiconductor Trade Agreement with Japan?

Answer. As indicated in the February 8 letter, I agreed to file a revised recusal following my confirmation. Attached is a copy of the recusal statement which I signed on March 15, 1991. I have complied with the terms of the recusal even before that date.

I am required to recuse myself from participating in any matter which would have a direct and predictable effect on my financial holdings, which are listed in my recusal statement. I have been advised that I may not participate in a matter which would have such an effect specifically and differentially on a firm in which I have an interest or would have such an effect on an entire industry sector in which I have interests in a firm, so that inevitably the matter would affect my interests in a member of that sector.

Most of the companies in which I have financial interests are not in areas affected by decisions likely to be presented to senior Department of Commerce officials. A careful review of my holdings indicates that most are in companies which produce products or services which are not likely to be specifically affected by policy decisions at Commerce (including products such as gum, ironing boards, sports equipment, and dance lessons). I am satisfied that I can fully perform my duties as Deputy Secretary and most of the issues pending at Commerce under my responsibility will not present any possible problem.

Of the numerous industry sectors where there are issues in which the Deputy Secretary may become involved, the relatively few covered by my recusal are most likely to be among the few sectors identified in the letter to Senators Hollings and Danforth to which you refer. Although I have only relatively minor holdings in those sectors, I still may be recused from involvement in some issues in those areas.

Before I participate in an issue in one of those sectors, my staff will be in consultation with the Department's Office of the General Counsel to determine on a case-by-case basis whether this particular matter is likely to affect my particular interest. For example, I have interests in a few small companies that make automobile windshields and certain other specialized equipment (bushings and seals, gears, insulation, and truck brakes). These interests do not preclude my participation in matters affecting other automobile part companies if there is no likely effect on companies making windshields or this other specialized equipment.

Regarding your specific question whether I may participate in the Semiconductor Trade Agreement with Japan, the preliminary analysis of the ethics officials at Commerce is that the unusual breadth of the Agreement is such that it will likely affect virtually all manufacturers importing and exporting semiconductors or their competitors. Therefore, even though my interests are relatively minor, I will not participate in the Agreement unless I receive information indicating that the two small firms in which I have interests will not be affected by the Agreement.

INTERNATIONAL TRADE

5. Textile/Uruguay Round

Question. The Office of Textiles and Apparel has made projections of import growth based on the text used in the textile negotiations in Brussels. In the Department's worst-case scenario, U.S.

imports of textiles and apparel will increase from 12.5 billion square meters to 33 billion square meters in 2001. Do you not anticipate that an increase of imports of that magnitude would lead to massive job losses in this country?

Answer. The projections of import growth under the terms of the Multi-Fiber Arrangement (MFA) phase-out contemplated in the Uruguay Round negotiations were based on maximum potential access to the U.S. market under the formula for liberalizing trade in this sector. This calculation resulted in a potential import growth rate of about 8.5 percent per year throughout the assumed 10-year phase-out period, a rate substantially less than the 12.1 percent annual growth rate of imports actually recorded in the 1980's. It is difficult to foresee catastrophic displacement of employment in a scenario of import growth less rapid than that which has already occurred. We, of course, anticipate that adjustments will continue to take place in the textile and apparel industries leading to increased efficiency and productivity as they meet increased international competition. In the 1980's, modernization and advances in efficiency in the textile and apparel sector allowed output to expand even though employment levels declined. The basic principle of the plan for textiles and apparel under the Uruguay Round is to maintain a gradually diminishing degree of protection over a 10-year period for those segments of the industry that need it as adjustment to international competition continues.

6. Foreign Trade Zones (FTZ)

Question. I am opposed to manufacturing in subzones for import into the U.S. The Department and the FTZ Board has in the past treated the FTZs and subzones as an entitlement, rather than a government grant of tariff relief. I understand that new regulations have been proposed on FTZs and subzones. How do those regulations tighten the standards for granting a subzone?

Answer. The Foreign Trade Zones (FTZ) Act provides that zones can be used both for products sold in the United States and for those exported abroad. Exported products receive duty-free treatment, while those entering the U.S. market are dutiable either in their original condition or in the form in which they leave the zone.

The FTZ Board has authority under the Act to prohibit or restrict activity in zones that it finds detrimental to the public interest. As the chair agency on the Board, the Commerce Department has favored the use of this authority to disallow operations contrary to trade policy or programs, as well as activity that would have a harmful economic effect on U.S. industry. The authority is exercised in our decisions on applications for new zones and subzones, as well as proposals for changes in activity at existing facilities. Thus, manufacturing activity is not considered an entitlement, but rather a privilege subject to a public interest test.

In reviewing applications and proposals involving manufacturing operations, we are highly sensitive to the concerns expressed by all interested parties, and our decisions reflect a balanced consideration of Congressional and public views on the effects of zone operations. The most common restriction is to limit manufacturing under zone procedures to export activity, and the products on which manufacturing tends to be restricted include steel, textiles, agricultural products, and petroleum.

The changes we plan to make in the regulations address the issues that have evolved as to manufacturing activity and will result in significant improvements in the decision-making process. The revisions include a delineation of the factors considered in reviewing manufacturing activity and more detailed provisions on review procedures. We believe the new rules will provide the kind of regulatory framework needed for efficient administration of the zone program and to ensure that zone activity is in the public interest.

7. Export Controls

Question. I have three questions regarding export controls.

Absent the embargo on exports to Iraq, what statutory bases exist for denial of licenses for dual-use items to Iraq?

It is my understanding that COCOM is prepared to decontrol many dual-use items in the near future. If this occurs, how will the U.S. be able to ensure that Third World countries do not acquire items to be used for military purposes?

One prominent critic of the Bureau of Export Control (BXA) has said that the U.S. export control program is run by "insensitive bureaucrats who would not be able to tell the difference between a chemical weapons aerosol and an underarm deodorant." What is your response to this criticism? And what steps is the Department taking to ensure there will not be any repetition of the CONSARC nuclear furnace case?

Question. No. 1. Absent the embargo on exports to Iraq, what statutory bases exist for denial of licenses for dual-use items to Iraq?

Answer. Section 6 of the Export Administration Act (EAA) authorizes the Secretary to control the export of any commodity necessary to further significantly the foreign policy of the United States or to fulfill international obligations. Most non-proliferation export controls are imposed pursuant to Section 6, as were our restrictions on exports to countries that support international terrorism. Section 6 controls are adopted by the Department of Commerce at the recommendation of the Department of State.

Commerce also controls exports to Iraq and other countries of COCOM- listed items pursuant to Section 5 of the EAA. In addition, export controls are imposed by Commerce on certain commercial products with nuclear application in accordance with the Nuclear Non-Proliferation Act.

NOTE: The EAA expired on September 30, 1990, and the President has continued controls under authority of the International Emergency Economic Power Act.

Pursuant to the President's Enhanced Proliferation Control Initiative (EPCI), Commerce will, for the first time, have the regulatory authority to deny any license application for chemical and biological warfare (CBW) or missile reasons.

Question. No. 2. It is my understanding that COCOM is prepared to decontrol many dual-use items in the near future. If this occurs, how will the U.S. be able to ensure that Third World countries do not acquire items to be used for military purposes?

Answer. The United States will continue to control exports that are adverse to its foreign policy interests, pursuant to Section 6 of the Export Administration Act, regardless of changes in COCOM controls. This includes controls designed to stem the proliferation of nuclear, chemical, and biological weapons and missiles. In addition, Commerce published a proposed rule on March 13 to provide foreign policy authority under Section 6 of the EAA to broaden controls on exports that would contribute to proliferation of missiles or chemical/biological weapons. Such controls continue in effect for exports that may be related to sensitive nuclear activities.

Question. No. 3. One prominent critic of the Bureau of Export Control (BXA) has said that the U.S. export control program is run by "insensitive bureaucrats who would not be able to tell the difference between a chemical weapons aerosol and an underarm deodorant." What is your response to this criticism? And what steps is the Department taking to ensure there will not be any repetition of the CONSARC nuclear furnace case?

Answer. This qucte is a clever soundbite, but has no basis in fact. This critic and others have yet to document a single instance where Commerce approved any licenses to Iraq contrary to prevailing statutory, regulatory, or procedural requirements.

GAO investigated Commerce's licensing process dealing with the Missile Technology Control Regime (MTCR) and said in its report "We did not find that any MTCR-restricted items had been approved for export to Iraq since the effective date of the MTCR..."

The report also stated "personnel seemed to have the necessary qualifications to support MTCR implementation policies and procedures."

—GAO report C-NSIAD-90-24 March 9, 1990—

In the Omnibus Trade Act of 1988, Congress commissioned a comprehensive study of the U.S. export control system. The report, completed in February 1991, was prepared by the National Academy of Sciences. Among the findings of the study The Commerce Department's Bureau of Export Administration already handles, in dollar value, the great majority of cases processed by the export control system, and it has undergone considerable administrative improvement of its own. It has an established administrative apparatus, which has achieved improved efficiency over the past few years. Further, the agency has dealt with a broad spectrum of products and technologies, and it has a sophisticated and reasonably comprehensive regulatory scheme. In this regard, the panel has determined to its satisfaction that Bc's export administration functions are sufficiently separate from the export promotion activities of the Commerce Department.

—"Finding Common Ground U.S. Export Controls in a Changed Global Environment" National Academy Press 1991—

The senior management and the career civil servants in BXA are some of the best qualified and most respected export control experts in the world. We think that this is reinforced by the NAS study and the GAO findings.

Regarding the "nuclear furnace" portion of the question, I would like to address a few points in the history of the case.

This industrial furnace was decontrolled previously by interagency agreement among the Departments of Commerce, Energy, and State, and the Joint Chiefs of Staff. Accordingly, the company in question was initially told by Commerce that this export would not require a license. Subsequently, on July 19, 1990, the Administration obtained additional information indicating that the furnaces might be used in sensitive nuclear activities in Iraq. Commerce immediately directed the company to apply for an individual validated license (IVL) and informed it that it could not ship without such a license. Commerce informed Customs of this decision and asked that the furnaces not be released for export. The company applied for a license, but shortly thereafter, exports were embargoed to Iraq. No license was granted, and the furnaces were never shipped to Iraq.

The Administration is taking decisive action to strengthen controls on dual-use commodities with potential missile, nuclear, or chemical and biological weapons (CBW) applications.

Currently under development in BXA are several regulations and procedures which will further the Department's commitment to controlling the proliferation of nuclear weapons. These include Revising the Nuclear Referral List (NRL) of items controlled for nuclear non-proliferation reasons, and ensuring that any NRL item decontrolled during the current COCOM exercise remains controlled for nuclear nonproliferation reasons.

The Department is also negotiating with U.S. allies to establish some type of multilateral arrangement to control items listed in the NRL. This may be similar to the Australia Group, which coordinates controls on chemicals to curb the proliferation of chemical weapons.

Furthermore, as of January 1, 1991, all license applications for dual-use exports to Iraq, Syria, Libya and Iran are automatically referred to the Department of Defense for review.

8. Kuwait Reconstruction

Question. The phone lines at DOC's Gulf Reconstruction Center are jammed. Where can businesses turn to receive information and assistance on the reconstruction?

Answer. We are obtaining additional telephone sets for the Gulf Reconstruction Center, and have hired temporary employees to respond to mail and phone inquiries. On March 22, alone, the Gulf Reconstruction Center received 14,000 incoming phone calls.

Information packets are being sent out to U.S. firms interested in Gulf Reconstruction. Requests for this information is processed via the phone (202) 377-5767, 5737 and 4441 through the mail, and on a walk-in basis.

Included in the packet is specific industry informational numbers as well as the complete list of Commerce District Offices.

The Commerce Department's District Offices, located throughout the United States, are continuously informed of developments in the reconstruction efforts so that they can directly respond to inquiries from the local business community.

The Small Business Administration (SBA) and the Minority Business Development Agency (MBDA) are working closely with the Reconstruction Center to provide assistance to firms.

The Department of Labor has installed a toll-free telephone number (1-800-927-5690) for use by Americans inquiring about employment opportunities in Kuwait. This phone number is given on a recorded message at the Commerce Department's Gulf Reconstruction Center.

9. Dumping/Uruguay Round

Question. As you know, one priority of some of our trading partners is to weaken U.S. dumping law through the Uruguay Round. Can you assure me that the Department will not let this happen?

Answer. The Administration's objective is to strengthen, not weaken, the rules and remedies provided by the GATT Antidumping Code. For example, we have advanced proposals to heighten the Code's requirements on transparency and due process in antidumping proceedings. These proposals have received a significant degree of support and, if adopted, they would offer U.S. exporters more assurance of protection from arbitrary dumping findings by other governments. We also have pressed for better rules to deal with circumvention, diversionary and repeat dumping practices. These proposals, unfortunately, have been less widely accepted, but we have not abandoned our efforts.

While these objectives remain important to us, the United States will not "trade" its proposals for other amendments which would weaken the Code and, by extension, U.S. law. We have vigorously opposed proposals tabled by some of our trading partners which would fundamentally alter the methodologies by which dumping and injury are determined, or would undermine the integrity or accessibility of antidumping measures. We will continue to oppose these and any other efforts to weaken either the Code or U.S. law.

10. Continuing Trade Deficits

Question. In your judgement, why does the United States continue to incur annual merchandise trade deficits of $100 billion or more, despite the sharp fall in the value of the dollar during the past several years? What specific factors are responsible, and what changes in business practice and Federal policy do you propose for remedying these problems? Furthermore, what can and should DOC do to help remedy these problems?

Answer. The United States has made good progress in reducing its merchandise trade imbalance, with the deficit falling to $101 billion in 1990 from a peak of $152 billion in 1987. The 1990 deficit would have been lower were it not for the sharp rise in world oil prices in the wake of the Iraqi invasion of Kuwait. Pre-Gulf crisis projections indicated a trade deficit of around $90 billion. The August-October surge in oil prices added about $10-11 billion to the 1990 trade deficit.

The improvement in the trade balance largely is a result of lower-valued dollar and strong foreign economic growth that particularly have given a boost to U.S. exports. In 1990, exports reached a new record and the United States remained the world's leading exporter. The dollar's decline since 1985 has been substantial, about 40 percent against a basket of industrial country currencies. Not all of this depreciation, however, has been passed on to U.S. consumers through higher import prices. Foreign firms, facing competitive pressures from other suppliers, may have chosen to cut profit margins rather than raise dollar prices significantly and endanger their price competitiveness and U.S. market share. At the same time, the U.S. economy, until recently, has experienced a long period of expansion which has encouraged imports. As a result, U.S. imports have remained at high levels.

Continuing current Administration economic and trade policies is the best path to further trade deficit reduction. Foremost among these is the Federal budget deficit package adopted last fall to reduce the deficit over the next five years relative to baseline projections. The Administration remains firmly committed to lowering the cost of capital for firms through a variety of policies that encourage entrepreneurship, investment, and innovation—policies that will help boost the competitiveness of American products in foreign markets.

The Administration continues to push aggressively for open markets in all nations. Our top trade priority remains the successful completion of the Uruguay Round of negotiations. We also are paving the way toward a hemispheric zone of free trade and are continuing to support economic restructuring in the emerging democracies of Eastern Europe. All of these policies will directly benefit U.S. firms in terms of increased opportunities for exporting.

As for the Commerce Department, we are vigorously involved in these Administration efforts to open markets for U.S. exports worldwide and to encourage U.S. firms to export. Secretary Mosbacher chairs the Trade Promotion Coordinating Committee, a group of 18 Federal agencies whose goal is to provide "one-stop shopping" assistance to U.S. exporters. In addition, we are implementing a series of seminars across the country designed to encourage more U.S. firms (especially small- and medium-sized firms) to export.

11. US&FCS

Question. U.S. exports have done well over the past year, but most of the credit for this is given to the weak U.S. dollar rather than to any DOC export promotion programs. Last November, the Wall Street Journal declared that the biggest source of frustration for small firms engaged in exporting was the Commerce Department itself. Specifically, the U.S. and Foreign Commercial Service (US&FCS) has been criticized for its Computer Information System and misdirecting resources to ill-attended trade promotion programs. Given that the U.S. spends the least per capita of all developed nations to promote exports, what do you propose to do to strengthen DOC's export promotion policies and programs?

Answer. In response to comments from the business community and others that DOC's export policies and programs were not as effective as they could be, the US&FCS undertook an exhaustive Strategic Review (1989-90) to devise a clear strategic focus for the organization. The Strategic Review of export programs analyzed firms' export assistance needs, compared them to products and services available from the US&FCS, state, local and private sector sources, and recommended changes to focus our limited resources more effectively. We are well into the process of implementing these recommendations.

A principal recommendation of the strategic review which has been adopted by US&FCS is that we target "infrequent exporters" — those companies which have both an export interest and a demonstrated export capability which US&FCS can augment, thereby resulting in additional export sales. Another key recommendation which is being implemented will increase individualized, sustained counseling for infrequent exporters. In general, infrequent exporters comprise small and medium sized firms which have either exported in response to overseas requests but lack a proactive export marketing strategy, or occasionally export to one market and should expand into others.

A third important shift is the development of concise, narrowly defined research reports (ie: industry sub-sector analyses) to focus on the best foreign markets for U.S. firms. These more focussed reports will replace previous general overseas market research which is not sufficiently targeted to benefit U.S. firms. These, combined with expanded use of existing US&FCS contact services (such as the matching of U.S. exporters with overseas agents or distributors), will greatly enhance our ability to respond to business needs.

A fourth major recommendation calls for de-emphasizing those overseas trade events which draw largely from a static audience of experienced exporters and offer little benefit for less experienced, infrequent exporters. In their place, we are redirecting resources to new-to- market/new-to-export firms.

Concurrently, we are in the process of completing program evaluations of DOC's traditional trade contact products, and major overhauls are underway of the Trade Opportunities Program, the Agent-Distributor Service, the World Traders Data Report, and others, to emphasize world- wide consistency and improve quality.

12. Trade Data

Question. In the late 1970s, Congress provided funds for DOC's Worldwide Information Trade Systems (WITS), a computerized data base designed to provide information to U.S. businesses interested in trade opportunities. Now the Department is establishing a successor program, the Computerized Information Management System (CIMS). What happened to WITS? Was it ever successfully implemented? Also, when will the new CIMS be fully operational, what services will it provide, what will it cost, and will its information be made available through the National Trade Data Bank?

Answer. Office automation and automated information collection activities by the US&FCS have been underway for over a decade. The first effort, the Worldwide Information Transfer System (WITS) attempted to centralize all information in Washington allowing remote sites to "call in" for data. Implementation began in 1979 and was halted a year later because of technology and cost problems. A less ambitious system followed, the Automated Information Transfer System (AITS) which decentralized information collection and was used by domestic and international posts until the introduction of the Commercial Information Management System (CIMS) in 1987.

Installation of CIMS was halted in 1989 before completion due to technical problems with the system. The effort to redesign CIMS has been underway since spring of 1990, and has involved the Strategic Review (noted in item #11), and an independent technical review by Price Waterhouse—a detailed redesign proposal and related cost-benefit and requirements analyses. The implementation of this system began with the installation of "model" or test offices in December - of 1990. Beginning in the second quarter of FY 92 and proceeding through early FY 93,150 US&FCS overseas posts and domestic offices are expected to receive the new system. The major improvements of the new system include Upgraded Hardware - Industry standard PCs and PC networks, compact disk technology and faster, high quality printers.

Faster and simpler CIMS - Ease-of-use and performance issues have been addressed, factors which will improve the quality and completeness of the data.

Improved access to trade data - Use of CD-ROM technology will provide National Trade Data Bank (NTDB) and other CD-based data sets to US&FCS staff.

Wider dissemination of CIMS data - The feed from CIMS of market research and trade contact information to the NTDB ensures direct access by multipliers and the public.

Reduced telecommunications problems - Focus is to optimize local processing, thereby reducing the reliance in international telecommunications.

A funding increase of $4,800,000 in FY 92 will result in the implementation of this system with hardware, software and telecommunications in place at a ratio of one work station for every two staff in three-fourths of all US&FCS sites.

INDUSTRIAL TECHNOLOGY

13. Emerging Technologies

Question. A spring 1990 DOC study on emerging technologies found that the United States is losing or losing badly, relative to Japan and Europe, in many of these key technologies. Yet annual sales of products based on these technologies may reach $1 trillion by the year 2000. Do you personally consider it acceptable for the United States to lose leadership in these technologies and associated markets? If not, what concrete steps do you believe in fact would restore U.S. leadership in these areas?

Answer. Our 1990 study was not meant to identify technologies worthy of government support or to advocate or hint that the United States must be the world leader in the thirteen identified technologies. Rather, it was to underscore certain key points: that economic growth involves a wide range of key technologies; that it is important to establish a stable environment for sustained growth in private and federal R&D investment; and that leadership in the creation of new technology does not ensure leadership in speedily converting it to a marketable product or process.

Recognizing this, the Administration has endorsed certain key proposals to provide the private sector with proper incentives for creating, developing and commercializing new technologies. Those identified by the Office of Science and Technology Policy (OSTP) include a major study of the utility of a capital gains differential, making the Research and Experimentation (R&E) tax credit permanent, protecting intellectual property through GATT, balanced export control policies, product liability and procurement reform, and providing for an educated workforce.

While these are essentially "macro" approaches, there are a number of technology-specific activities that Commerce can and should undertake to complement them. These include the continuous evaluation and refinement of such programs as the Advanced Technology Program, the Manufacturing Technologies Centers Program, the Baldrige Quality Award Program, the Federal Technology Management and Commercialization Program, ongoing Commerce efforts to explore barriers to investment (see Question 17), and information to the private sector regarding the formation of strategic partnerships aimed at enhancing their ability to develop and commercialize new emerging technologies.

14. MST Programs

Question. While Secretary Mosbacher has strongly supported the new programs at the National Institute of Standards and Technology (NIST), the Administration as a whole continues to place a low priority on NIST and research and development (R&D) whose primary purpose is industrial competitiveness.

Official Federal statistics show that in 1987 the U.S. spent 0.2 percent of its R&D budget on industrial development, while West Germany spent 15.3 percent. The President's fiscal 1992 request continues this pattern: out of a requested fiscal year 1992 R&D increase of $8.4 billion, the President's new budget proposes only $35.6 million for NIST, including no increase at all for the Advanced Technology Program. Any increase is welcomed, but industrial competitiveness continues to receive a low priority.

Are you not concerned that less than 1 percent of Federal R&D should be spent to advance general industrial competitiveness? What percentage would you advocate?

Answer. The Administration is strongly committed to industrial competitiveness. However, it is easy to understate the strength of that commitment if one overlooks the important initiatives described in the previous response and the specific programs identified in the overall R&D budget which may yield important commercial spinoffs, or if one focuses on funding increases for new and as-yet unevaluated programs, such as the Advanced Technology Program at NIST.

In NIST's case, it is particularly misleading to focus only on the new external programs as reflecting the commitment to industrial competitiveness. As a federal agency whose primary mission is to promote the competitiveness of U.S. industry, all of NIST's programs are geared towards improving industrial competitiveness. NIST's laboratory programs provide supporting technologies which help U.S. industry increase productivity, quality and rates of commercialization. As such, they contribute to the development of both strategic as well as generic technologies that can affect U.S. industrial competitiveness. It would thus be fair to consider a major part of NIST's basic budget as constituting R&D expenditures for industrial development. The newer external programs, which are

still being evaluated, also make crucial contributions to the ability of American firms to produce world-class goods and services by providing direct support to generic technologies.

The Administration has been very supportive of NIST's programs by proposing substantial increases to its budget both in FY 91 and again in FY 92 and by proposing to double its budget by 1996.

15. Should DOC be the Lead Agency for Commercial R&D?

Question. As you know, up until now the Department of Defense (DOD) provides most of the Federal Government's support for R&D even in areas that are primarily commercial, such as HDTV. To what extent do you believe that DOC should be the principal Federal agency for the support of commercially-related R&D?

Answer. Federal agencies generally have specific program responsibilities, such as national security, the environment, health and safety, energy or transportation. Each of these agencies should consider how best to maximize the commercial potential of the R&D it funds or produces in support of its program mission.

But commercial considerations will always take a back seat to the agency's underlying mission. That is why an agency that has both general technological expertise and commerce-oriented mission can make technology commercialization a primary rather than a subordinate objective is in the best position to develop and advocate the requisite policies. That, for example, is why among federal agencies Commerce is relied upon to develop appropriate government-wide technology management' and transfer policies that accommodate their many different interests, why Congress chose NIST as the home for the new Advanced Technology Program, and why Commerce is playing an increasingly important role in the interagency policy coordination process for industrial competitiveness issues.

DOD will always have an enormous impact on commercial activities in the U.S. by virtue of the sheer size of its expenditures. But DOD is itself becoming increasingly reliant on Commerce's commercial and technological expertise to help it achieve its own objectives, such as using advanced manufacturing technology to help it control its own procurement costs. The recently enacted National Defense Authorization Act for Fiscal Year 1991, for example, provided a comprehensive framework for close collaboration between the two agencies across a broad spectrum of technology-related activities.

16. HDTV

Question. When Deputy Secretary Murrin came before this Committee in June 1989 for his confirmation hearing, he indicated the Economic Policy Council (EPC) had an HDTV Working Group that was expected to issue recommendations quickly. He recognized that the term "HDTV" is shorthand for a group of generic imaging technologies that will have important applications in a broad range of industries. What ever happened to that Working Group and its report?

Answer. In 1989, the Administration shifted the focus of its efforts from examining a specific technology or group of technologies to viewing HDTV issues in the much broader context of full global competitiveness. The Department of Commerce's extensive work in this area has shown HDTV to be a subset of a greater problem facing the U.S. economy. As a result, the EPC Working Group on HDTV and its report were no longer required.

The challenge we face as a nation is not merely how to deal with HDTV, but how we deal with U.S. competitiveness in all high technology sectors. Along with other Executive Branch agencies, Commerce is considering broad policy initiatives such as tax law changes and antitrust law reform, that could have a significant impact on HDTV and other high technology industry development. Within Commerce, we are considering initiatives specifically designed to enhance U.S. high technology competitiveness.

17. Cost of Capital for R&D and Factories

Question. American firms in capital-intensive industries such as electronics and manufacturing find it very difficult to match Japanese investments in research, new technology, and new plants; the cost of capital is much higher in the U.S. than Japan, and in Japan capital for new technology is also more available and more supportive of long-term investments.

Do you or other officials in the Administration have a comprehensive proposal which, if enacted, would bring the cost, availability, and attitudes towards long-term investment of U.S. capital into line with Japan? If not, would you propose that the Administration develop such a comprehensive proposal'?

Answer. There is always a tendency to compare us with Japan. But it is important to understand that they have a unique keiretsu system. The United States needs to find approaches that are consistent with its own values, traditions, and institutions.

There are certain things that Government can do to encourage business to take the long view.

First, we need to establish a stable climate for public and private sector investment in R&D. The President's proposal to make the R&E tax credit a permanent feature of the Internal Revenue Code would certainly help.

Second, we need to free our financial institutions from some of the traditional restrictions under which they have labored. The President's proposal to reform our nation's laws governing financial services in this country would also help.

Finally, and here Commerce has a special role, we have to make sure we fully understand how research and development decisions are actually made and how they are influenced by external

considerations, such as accounting principles designed for a simpler day and age. Commerce and Treasury have already begun the process of hosting round table discussions with the private sector to develop consensus on such matters. This too should yield some promising substantive recommendations.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

18. NOAA Oversight

Question. The National Oceanic and Atmospheric Administration (NOAA) receives about 50 percent of the DOC budget and employs well over a third of its personnel. In addition, long-term threats such as global climate change and the deterioration of our oceans and coastal areas have made NOAA's primary mission - to observe and predict the oceans and atmosphere - more compelling than ever before. Despite these considerations, however, atmospheric and oceanic issues appear to receive little attention from top DOC officials. What role do you intend to play in overseeing NOAA and helping it to perform its expanding responsibilities?

Answer. NOAA's credibility nationally depends on the clear perception of its role in the Federal structure as a science and scientific service agency. To attain this, NOAA plans to focus its institutional priorities on science and science-based issues; present itself as the key Federal agency for a coherent approach to atmospheric and oceanic issues of current and future concern to the Nation; and organize its programs and strategies around its originally envisioned role to observe, understand, and predict the atmosphere/ocean system.

I believe NOAA has a good vision of where it is heading and I plan to work closely with Dr. Knauss to help implement that vision.

19. Weather Satellites

Question. The GOES weather satellites are critical to the early and reliable prediction of severe storm patterns, including hurricanes and tornadoes. The head of the National Weather Service has stated that, despite contingency planning, he would regard the total loss of GOES coverage as a national emergency. Yet, such a situation becomes increasingly likely with each new delay in the GOES launch date. What steps are being taken to prevent such a national emergency? Do you agree with the Augustine panel recommendation that NASA "should reestablish research and development in support of environmental satellites to meet NOAA-stated requirements?"

Answer. It is important that GOES I be launched by October 1992 to minimize the possibility of a GOES data gap. Therefore, to expedite the completion of GOES I, NOAA has agreed with NASA to invoke the established performance waiver process to be prepared to accept less than full capability for GOES I, if necessary, so long as reliability is not affected. If such waivers are approved, they would likely result in some performance degradation. In addition, GOES backup alternatives are being investigated to be available if any unanticipated major technical problems arise as GOES I is completed, and NOAA has developed an extensive No-GOES contingency plan to be followed in the event of premature failure of the current GOES satellite.

I believe that the Augustine panel recommendation that NASA "should reestablish research and development in support of environmental satellites to meet NOAA-stated requirements" has substantive merit, and the Department and NASA are planning to implement it.

20. NOAA Procurement Office

Question. This Committee has been notified informally that the Department plans to establish a new procurement office in NOAA that would transfer control of weather service modernization out of the National Weather Service. What are the principal problems that this reorganization is intended to correct? What steps will be taken to ensure that the reorganization does not result in conflicts between modernization activities and the day-to-day operations of the National Weather Service? Finally, what are the cost implications of and the timetable for these changes?

Answer. We assume that the reference to "NOAA Procurement Office" means the proposed Systems Program Office (SPO). Notification for the reprogramming for that office is now pending within the Administration. Contrary to the report you apparently have received, the NWS would continue to have the overall responsibility for the modernization and associated restructuring of the weather service.

SPO would have the following responsibilities Consolidated system acquisition for the three NWS "hardware" programs — ASOS, NEXRAD, and AWIPS.

Oversight of GOES (currently the responsibility of the National Environmental Satellite, Data, and Information Service — NESDIS) and related procurement activities.

The NWS and NESDIS would retain responsibilities for facilities construction, land acquisition, in-house development, staff training, spacecraft launch services, ground systems, and operations and maintenance.

The creation of this office is responsible to both internal and external judgments that the management of these major systems procurements need to have a sharper focus. We believe that integration of the efforts of NWS and the SPO will be greatly facilitated by having one of the senior weather service officials as the Deputy Director of the proposed SPO. The increased costs associated with the management structure are presently estimated at over $500,000 per year. We would expect to create the SPO as soon as the Congressional notification process is concluded.

21. Delays in Awarding Grants

Question. Over the past two years we have seen substantial delays in releasing NOAA grant money for vitally needed fishery research and development programs in the Southeast. I understand that much of the delay is a result of a protracted audit by the Inspector General of the regional fishery development foundations. What immediate steps can and will you take to break this logjam and resolve this problem?

Answer. Due to an unresolved audit of the Gulf and South Atlantic Foundation conducted by the U.S. Department of Commerce's Inspector General, NOAA is holding three fiscal year 1990 awards to the Foundation totalling $357,182. Six additional fiscal year 1991 awards totalling $616,626 are also being held. During fiscal year 1990 NOAA did make 281 awards totalling $48,452,005 for fisheries related activities in the southeast. To date in fiscal year 1991 NOAA has made 50 awards totalling $14,727,113 for fisheries related activities in the southeast.

We are working diligently to resolve the open issues with the Inspector General on this audit and anticipate resolution soon.

22. Maintaining Weather Service

Question. At the beginning of his tenure at DOC, Secretary Mosbacher made a commitment to maintain current weather services while our national weather warning and forecast system was undergoing modernization. However, continuing budget pressures and delays in implementing new weather systems such a- NEXRAD make erosion in services an increasing concern. What actions can and should be taken to ensure that current services are being maintained?

Answer. Secretary Mosbacher and NOAA remain committed to maintaining current weather services during modernization. We share your concerns regarding the potential for service erosion in the face of continuing budget pressures. We continue to manage the services in a manner that will reduce the possibility of these pressures, seriously affecting our ability to keep this commitment. NOAA and DOC are currently exploring alternatives to ensure that current weather services are maintained throughout the modernization.

OTHER DOC PROGRAMS

23. Minority Businesses

Question. A recent GAO report on the Minority Business Development Agency (MBDA) raised several concerns about the agency: its direction seems to change with each new director, it is subject to significant infighting, and its headquarters is overstaffed, given that the agency's main mission now is to support Minority Business Development Centers. Do you believe that the Department is making significant progress in remedying these concerns, and will you look into these matters personally?

Answer. I believe MBDA under its current leadership has made substantial progress to remedy the concerns raised in the GAO report. The primary concerns—delays in processing the grant awards and poor utilization of staff resources—have been given top priority by this leadership. The rate of delays in processing the grant awards is currently at 48 percent, down from the 75 percent rate reported in the GAO report. The goal is to have the rate less than 20 percent by the end of fiscal year 1991. The reduction in the rate has been the result of several factors to include (1) improved working relationships with the Department's Office of Federal Assistance and Management Support and Office of the Inspector General, (2) resolution of outstanding debt issues by the Agency's newly created Debt and Audit Review Branch, and (3) new processing guidelines for regional managers and staff.

Regarding the utilization of staff resources, the Agency just recently completed phase one of an organizational realignment where staff resources were redirected in certain Headquarters offices and the Washington Regional Office for more efficient utilization. The resultant personnel changes provided increased roles and responsibilities for many of the affected personnel, and were documented in new position descriptions and performance plans. The second phase of the realignment is expected to take place later in FY 1991. Additionally, the Agency is developing an aggressive Human Resource Development Program to upgrade the skills and abilities of all Agency employees through various developmental training.

Further, the Secretary has asked me to get directly involved with the Agency's activities and initiatives. I will be working closely with Joe Lira, the Director, in improving the delivery services of the Agency and supporting Total Quality Management Improvements.

24. Travel and Tourism

Question. You know better than most the slump that our tourism industry is now experiencing. Are you willing to work with this Committee to ensure that a tourism bill is passed this year?

Answer. Absolutely. I understand that Senator Rockefeller has introduced a bill to do this and Congressman Toby Roth introduced one January 3, 1991. The Department of Commerce has prepared a bill to re-authorize appropriations for USTTA and that will be submitted to Congress rather quickly.

STATEMENT OF ROCKWELL A. SCHNABEL

Ambassador SCHNABEL. Thank you, Mr. Chairman.

I have a written statement for the record and I thought I would just highlight a few of the points, with your permission.

The CHAIRMAN. It will be included in its entirety and you can highlight it as you wish.

Ambassador SCHNABEL. Thank you, sir.

First of all, I am very honored to be here, representing Secretary Mosbacher, and I am very appreciative that you chose to pick an early date for the confirmation hearing.

The Commerce Department has a lot of different areas in it and, as I mentioned, I would like to highlight a few, and point out some of the ones where I have somewhat of a background and I feel can contribute the most. The rest of the areas I need to learn a great deal about. Some of the things that I will highlight are: the export area, exports in general; technology commercialization; quality; competitiveness; NOAA; and of course USTTA, where I have been for the last 2 years.

In the export area, I have had a background that is fairly international. I was born, raised, and educated in Europe. I have a banking background basically, but in my position as a banker and also as Ambassador and the last 2 years at USTTA I was really involved in the export business, because we are actually selling a product abroad, and exports of course, to a large extent, are marketing.

So, marketing is really where I have been active. Exports are very vital to our economy, probably the one area that is going to bring us out of this present recession. Secretary Mosbacher, along that line, has initiated the National Export Initiative, which brings together 18 agencies that are in the trade promotion business, including the Export-Import Bank, the SBA, OPIC, and others, and he is taking this group around the country to 30 different cities before year end.

Quality and competitiveness, are both very important, and I think I understand a little bit about that. The Malcolm Baldrige Quality Award, of course, is very important. There were some 180,000 inquiries about that award this past year, indicating a great deal of interest on the part of companies in the United States.

Quality, however, is not the only thing. We also need to focus on streamlining export controls without, naturally, compromising our national interests, national security.

We also are in the process of, in the export area, expanding the U.S. Foreign Commercial Service by adding more people. There are 1,250 people in total. We are adding to that.

The technology commercialization area, of course, is handled primarily by the NIST people in the Department of Commerce. Specifically we are involved there—and I have learned something about two of their programs; the manufacturing technology centers and the ATP. Eleven different winners in that area were just announced recently.

The manufacturing technology centers, there are three in place today—New York, Ohio, and of course Columbia, South Carolina. Two new ones were announced just recently for Michigan and Kansas.

In addition to these areas of export and quality and technology commercialization, of course, is a very large part of the Department of Commerce is NOAA, which is 50 percent or more of the budget and involves a large number of people. NOAA is involved in environmental initiatives such as global warming and global change. Of course, they study the oceans, fisheries, coastal areas, and the weather modernization is part of the NOAA activity as well. I know, Senator, that particularly the "O" in "NOAA" is very important to you, so I intend to learn a great deal about the oceans and the coastal areas as well.

Lastly, USTTA. I have really come to enjoy and learn and appreciate that part of the Department in the last 2 years and I hope very much to stay involved in that. Tourism is indeed the number one export in the United States, and I think we are getting a lot of things done in that area. I hope very much to stay involved even though, if confirmed, I will be moving up to the fifth floor.

These are some of the issues that I have looked at carefully. There are of course a number of others. It is indeed a great honor for me to be here and, if confirmed, I intend to give this job my very best and look forward to it. Thank you very much.

[The statement follows:]

STATEMENT OF AMBASSADOR ROCKWELL A. SCHNABEL

Thank you, Mr. Chairman. I am honored to appear before this distinguished Committee today as the President's nominee for the position of Deputy Secretary of Commerce. The prospect of facing new and broader challenges as part of Secretary Mosbacher's team is an exciting one, and comes at a critical time in America's history. I also wanted to take this time to thank the Chairman for his expeditious scheduling of this hearing.

Now, more than ever, the Nation faces major decisions that will test our ability to secure our trade and competitive position for the future. We must find new ways to compete effectively in an era of rapid change. That is the mandate of the Department of Commerce; it will require the collective efforts of this Administration as well as the Congress.

From my perspective as Under Secretary for Travel and Tourism, significant changes in the global economy are nowhere more evident than in tourism. In the last thirty years, tourism has become this country's number one export!

Today, more than half the visitors coming to our shores are from non-English-speaking countries. In 1991, depending on the conditions in the Middle East, we expect 42.4 million visitors to arrive here and we project $58 billion international receipts and a trade surplus of $6.6 billion.

As the world has grown smaller, the job of the Department of Commerce has grown much larger. As Secretary Mosbacher has stated, "Dramatic changes are unfolding almost daily in the global economy. While we are becoming more competitive, the pace simply is not fast enough to make us winners in today's global markets."

Under the leadership of Secretary Mosbacher, we will have a positive impact on this country's future. If confirmed, I will do my utmost to advance his innovative policies. The National Export Initiative (NEI), for example, is an exciting approach to encourage U.S. firms to compete in new and expanding foreign markets. As part of that initiative, the Department has just launched a much needed "one stop shop" for trade information for American businesses. A total of 30 seminars are planned for 1991 around the country. This week, the Secretary and others will visit Cincinnati and Hartford, Connecticut, for the third and fourth NEI conferences.

I have to say as both and ambassador and more recently as Under Secretary for Travel and Tourism, as well as in the private sector as an international banker, I've seen firsthand the tremendous potential to increase overseas sales in many product and service areas for small and medium size businesses.

During my years in Finland, I developed a keen understanding about the need for America to export more of its products. My European background has enabled me to understand the challenges which this country faces on trade issues. America's growth in exports have been one of the strongest sectors of our economy. Our exports were up 8.3 percent for 1990, with manufacturing exports leading the way at 10 percent. We will continue to move in this positive direction.

The Department's role is an important one, covering a wide range of activities. We have long been active, for example, in bolstering awareness of the need for quality products and services. Through the Malcolm Baldrige National Quality Award, thousands of American firms have undergone the tough process of analysis and on-site inspection by judges and examiners. But the insights gained were dearly worth the effort and the impact on the country has been tremendous. The amount of inquiries today has reached 145,000, which exceeds last year's amount at this time.

But improving the quality of our products is not enough if we cannot freely export them overseas. That's why the Department will be streamlining export controls to encourage commercial opportunities without compromising national security. And that's why we are expanding overseas staffing of the Foreign Commercial Service our "export sales force." Our FY 1991 budget included an increase of $7.0 million and 93 positions; in FY 1992, we propose to add an additional $2.2 million and 32 positions. The President is insisting upon a clear and consistent trade policy to aggressively promote exports.

The Department has also initiated a new program with great support from the Congress, and particularly this Committee and Chairman Hollings, which will forge a new partnership with industry and academia. This industry-led pilot program, known as the Advanced Technology Program, will encourage small and medium size businesses and joint ventures to develop generic, pre-competitive

technologies which will advance our technological frontiers. The net result will be that more and better products will be developed on a more timely basis thus promoting long-term economic growth and competitiveness. The first 11 winners of grants were announced on March 5th.

The Department has already been encouraged by the development of three Manufacturing Technology Centers and will continue to monitor their development and impact on the transfer of technology. Run by non- profit organizations and based on modern automated manufacturing techniques, the centers are technology-transfer — rather than research — operations. On March 7, the Department announced the winners, the Industrial Technology Institute in Ann Arbor, MI, and the Technology Enterprise Corporation in Topeka, KS.

Exciting initiatives are underway throughout the Commerce Department. Research in lightwave technology, superconductivity, and advanced semiconductor manufacturing is truly world class. Efforts are underway to modernize the U.S. national economic accounts and improve the quality of international investment data, vital steps in our support of the President's statistics initiative. And the automation of patent application processing and patent search activities is now making excellent progress.

Secretary Mosbacher has noted that the profit motive alone cannot govern our business actions. The Department's efforts in developing cost- effective environmental initiatives directly support the President's competitiveness plan. NOAA is playing a crucial role in the government- wide research effort on climate and global change. The need to understand the oceans' processes and the characteristics of U.S. coastal regions has never been greater. NOAA will continue as a leader in cleaning up our ocean and coastal areas.

These issues, and many others I have not mentioned, cannot easily or quickly be solved. They will require everyone's involvement. I welcome the opportunity and am ready to meet the challenges this position offers. It is an honor to have been nominated for the position of Deputy Secretary and selected by my good friend Bob Mosbacher to be part of his team at this wonderful Department. If reported favorably by this committee, and if confirmed by the Senate, I will do my utmost to carry out the responsibilities of this position.

Thank you Mr. Chairman. I welcome any questions you may have at this time.

The CHAIRMAN. Mr. Secretary, you mentioned the oceans. Touching on that just for a second, it so happens that the Department of Commerce does have under its jurisdiction the National Oceanic and Atmospheric Administration. There was a formative study made back in the mid-'60's, Senator Burns. It was the National Oceanic and Atmospheric Review, what we oldtimers call the old Stratton Commission.

They had input from industry, in particular the oil companies, they had the environmentalists, the Coast Guard, the ocean sea grant folks in other words all those concerned with the issues.

They found, number one, that the oceans of the world are far more interesting and important to life than outer space, seven-tenths of the world's surface being covered with the oceans. Many of our discoveries have been recent. For example we only found out after World War Two about the mountain ridge covering the ocean floor that goes all the way around the globe.

At that time there was quite a contest up here, specifically at this particular level in the Congress. We had these hearings and everything else, but we faced resistance downtown in the White House from Ehrlichman, the President's right arm, was a land use lawyer and he could not see us the first initiative in land use affecting the coastal zone and everything else of that kind and creating NOAA.

So he kept blocking it. Now I happened to have been a good friend of John Mitchell. I went over with Dr. Stratton and myself to see John Mitchell and said: You have got to talk to President Nixon; you cannot just let this hang.

And, cutting it short, Mitchell got hold of the President and we initiated an executive order back in 1970 creating the National Oceanic and Atmospheric Administration. The Stratton Commission really recommended that it to be an independent agency which would have included the Coast Guard among other things. But politics won out.

The next logical place to put NOAA would have been Interior, but they said, no, give it to Maury Stans, put it over there in the Commerce Department. That suited me fine.

Our trouble with NOAA in the Commerce Department are these business leaders. You are an executive, off the exchange, stock market, financing, and everything else, and knowing everything. You come to Commerce flexing your muscles ready to get us into exports into business abroad. Then all of a sudden you find all of these weather men running around in your Department and somebody else concerned with fish.And NOAA is over half the budget.I can see why you would want to study it.

But the tendency in the past has been when OMB comes along and says you have got to make some budget cuts to focus on that funny crowd over there who deal with oceans or the atmosphere, that bunch of scientists; they have got half of the budget.

I know Secretary Baldrige never lassoed a whale. He did not think much after his cow-punching days of oceans.

I end up training every aspiring Secretary that comes along; telling them about the oceans. I understand the task and we hope you will appreciate it as well as it presents greater opportunities, there is no doubt in my mind, than space. And we have got to do a heck of a lot more research.

We are just getting out of the Gulf. They say the war is over. The war is not over. The United States Navy will long be dodging mines. There is a technology advance known as Magic Lantern which looks down into the oceans. Unfortunately, for some it looks down too far, goes all the way down to 500 feet and can pick up a submarine.

The Navy did not like that, so they wanted to continue studying it. We have been kicking and screaming trying to get the study moving but they spaced it out for after the year 2000. With the onset of the Gulf War last August, we got one Magic Lantern deployed. We picked up immediately dozens of mines down about 60 below and everything else, and we have since been blowing them up right and left. And we have got two more following on in our supplemental emergency appropriation bill. The Navy now is very interested in that.

But these are technologies, and they are opportunities. The next time we face a similar situation as the Gulf perhaps we will have got a Trident submarine with a missile with thousands of miles of range and, 100 feet of accuracy. We could take one in the Mediterranean and land it with a conventional warhead where we wanted.

Then, instead of running 500 people out into the Gulf to go through that drill they have just gone through, we would say: Saddam, get out or else we will land one of these on your head. They have radar for planes, but not for anything coming from outer space. And you hit him and you get rid of him like what we all wanted to do this time last year—no, not this time last year. They were best friends, excuse me. Ever since August of last year.

So that is going to be the front line of defense. You are not going to have armies marching up and down or fighting guerrillas through jungles and all of those kind of things. You are going to use your technology, and you have got one of the great, great opportunities with the oceans and with the old Bureau of Standards, now the National Institute of Standards and Technology.

You talk about going all over the country. We have had that exercise. We have been through more secretaries, trying to educate them about these things. Once, we told Carter if he did not go along with us and do something about changing our Foreign Commercial Service representatives to report directly to the Secretary of Commerce and not to the ambassador, like the agricultural representatives reported directly to the Secretary of Agriculture, he was not going to get any trade bill. Senator Roth, myself, and others did this, it was a bipartisan

move, and we finally got the Commerce representative into Commerce, because no embassy is concerned with doing business.

They do not know how to do business or anything else of that kind. They like an ethereal kind of diplomacy and everything else, calling on heads of state and entertaining visitors, Senators and Congressmen, I guess, or whatever it is.

But in any event, that is done. We have put in the World Information Trading Service. I remember LeBaron's, who sold that thing for $1,000. We said, all the small businesses in the United States just could not get the information, they could not pay $1,000. We put it in the Department of Commerce. Bam, they could all get information and they could all do business.

We computerized it under Juanita Kreps. She needed computerization.

And we visited all around, and I got Commerce representatives in my State meet with the various business leaders.

What needs to be now done is that the Secretary and yourself need to go outside of Washington. Business knows its business and they know where there is an opportunity.

We got 5,000 calls about trying to open up a Hardee's or a Sizzlin' Steakhouse in downtown Kuwait City, because they saw there was a business opportunity. You do not have to jigger up a businessman and wake him up or make him more competitive. That is the inside the Beltway Washington syndrome. They are out there competitive and living and competing every day.

We are the ones that have not produced a blooming thing in 10 years other than big deficits and run everybody else out of business.

You have come in just at a time when we are beginning to change. We are beginning to get business into business, as Senator Burns says, namely commerce into Commerce. And we have finally gotten the idea. Let us take the land grant colleges. They were established years ago, 130 years ago, and they but regional research centers, experimental stations, and outreach programs.

If you and I wanted to plant a victory garden in the District of Columbia, I can get you a farm agent at 8:00 o'clock tomorrow morning to come back your house and have a soil test in your backyard.

America's agriculture is a tremendous success story. I said if we can do that in agriculture, why not try it in business? So we got it, but all we got is a little $10 million program that commerce just announced. What we have is the rhetoric, we do not really have a program.

Two or three of those types of programs are nothing compared to our competition. You find out we are competing with in West Germany that we are competing with, and Japan and everything else, with MITI and the business is the bank is the business is the government is the business. They just go around in a circle, everybody working together.

And we are being lectured, Mr. Secretary, at the political or Congressional level to let the market forces operate. The greatest force in the market today is Government, and you and I cannot change that. That is the way the Japanese, Taiwanese, Koreans, and the Singaporans do it, that is the way they are working in EEC '92.

They are not girding for free trade; they are girding for the trade war. We have moved from the Cold War to the Gulf War, and now to the trade war, and you are supposed to be the General Schwarzkopf. You are supposed to lead that assault, and you all are going to go around and visit the troops and get parades and be given dinners.

Get this town organized. Everyone thinks that they are responsible for trade and commerce. Nick Brady will get you at Treasury. He says he is in charge of reciprocal trade agreements.

But the Secretary of State says, no, they are in charge. The Secretary of Agriculture calls up and says, no, that is an agricultural farm policy. There are 28 Departments and agencies all involved. But if we can get a little coordination and really get decisionmaking done and start our Government down that road to working with business, rather than giving them that chant about market forces then perhaps we stand a chance in the trade war.

The Japanese clearly see where their economic interests lay. If I were made the Emperor of Japan in the next ten minutes, I would continue to do exactly what they are doing. It is working. They are taking over market share the world around. They have high productivity and everything else.

And there is nothing wrong or mysterious in this—it is not the personality or the culture. It is the leadership they have right in downtown Tokyo. But we are lacking that kind of leadership in downtown Washington.

I hope that you will embellish these minimal efforts in your own field. What do we spend on tourism, $19 million? That is peanuts. You and I know that. They are spending way more in the local communities all around.

Ten million dollars for the advanced technology program, that is a drop in the bucket. I could get way more over in the defense part. And we are not taking away from the defense. We supported the Patriot. I have gotten the first SDI Award, but the SDI fell off last year and now they are talking about market forces over there. Maybe this war will change their minds.

But we have a real opportunity and a chance to move into the forefront of this trade war with you and Secretary Mosbacher. Our sole task is not to educate the people out in the boondocks on how to fill out a form to export. We ought to make it darn right easy and everybody will know that, and we have the Commerce representatives out there to help them with it.

No, our main task is to get us, the Congress, the administration, particularly the Departments and agencies, coordinated. If you can help get us coordinated into a team effort, we can go places. I think that was the one salutary and very, very excellent approach of President Bush in his last war. He told me last night he gave one call to Schwarzkopf the whole time and he let them run it.

If we could just get somebody in charge to run this, we could really have a competitive Department of Commerce. But there is such a concern with budgets. They are cutting funding for the oceans and all these other good programs, sea grant and others—$170 million out. They are really stultifying any chance of competition by making just a minimal kind of effort over there at the technology side of it, where we could get into the private technology and everything else of that kind.

So it is a tough job, and I welcome you. If you would like to comment, I would be delighted for you to comment and yield to Senator Burns. Rather than ask these questions, you might as well get the feel from this Commerce Committee at this hearing about our mutual responsibility and how we can work together and do better.

Let me yield to you. Do you have a comment, or I will be glad to yield to Senator Burns.

Ambassador SCHNABEL. Thank you very much, Mr. Chairman. I of course have listened very carefully and I think I do know, and you and I have discussed previously, your concerns. I think I understand what you are saying.

Specifically in the ATP area, I can tell you that that is a very small amount of money at this stage. We are talking about four times that much roughly for this coming year, but it is at least a step in the right direction, and I think it has been received very, very well.

The CHAIRMAN. Thank you, sir.

Senator Burns.

Senator BURNS. I would have to agree with what you said, Mr. Chairman, and thank you. Maybe we should run some interference and fire the other 28 agencies that stand in the way.

The CHAIRMAN. Yes. It is tough to get a handle on it. It was actually by default that the Finance Committee got trade issues but even they could not get anything out of the ambassador or any administrations, be they Republican or Democrat.

They instituted what they called a Special Trade Representative because they could not get anybody in any administration to listen. Now they have elevated that Special Trade Representative up to the status of ambassador and, in all candor, things have not gotten any better.

Excuse me.

Senator BURNS. That is quite all right. I asked for that.

The CHAIRMAN. Yes, sir.

Senator BURNS. I thought I would give you a little opening here, a little opening.

Mr. Secretary, we have a problem now that the Persian Gulf exercise is slowly coming to a close, and we know that that will subside as time goes by and some kind of stabilization comes to that area. We know that people are not going to travel internationally this year because of the terrorism threat. Now that we are seeing a turn-around in that kind of thinking, you might just bring us up to date on the role you've played in that area.

Ambassador SCHNABEL. Thank you, Senator. We have talked at USTTA for the last 2 years about getting the private sector more involved because, as the Chairman mentioned, the budget has been relatively small, even though, as Secretary Mosbacher says, it is the one place where you get a real bang for the buck.

But the war in the Middle East really has solidified the working relationship between the private sector and USTTA, in that we have been able to get travel industry leaders around in one room all talking about one common subject, and that is to promote the United States abroad.

We really have never been able to do that before, but everybody recognized just after the war started that there was a dramatic dropoff in travel and tourism within the United States. So we are focusing on inbound tourism.

We have actually had meetings, in and out of the Commerce Department, where the CEO's of the major travel companies got together for the first time. They are very competitive, of course, and have agreed to raise money to get the story out in the United States itself about the importance of travel, that it is safe to travel, and also to get the story out abroad that this is the best place, the best value in the world, and as safe a place as you can because our airports are very safe today.

So that is something that is very satisfying in the industry. We have now asked the private sector, in this case Bill Marriott, to chair that group and he is taking it from here, and basically they are out there collecting money. So far it has been successful. We have not seen the end of it yet, I do not think.

Senator BURNS. I would point out that here is another case where we are in complete agreement, probably, with the Chairman. We should facilitate and then get out of the way; get people together because American business can compete—and then step out of the way once the framework is set.

I want to congratulate you on your good job in the area of international tourism. You are very easy to work with and I heartily recommend that you move to the fifth floor. These are all the questions I have.

Thank you.

Ambassador SCHNABEL. Thank you, Senator.

The CHAIRMAN. Let me join in, Senator Burns, in your commendation to the Secretary. I think it is about $7 million or $8 million that a private group is going to get together.

Ambassador SCHNABEL. Yes, sir.

The CHAIRMAN. And that is quite a feat. We have not done that before, and that shows the interest and everything else there.

Of course, to make it truly successful we need to handle Mr. Assad of Syria. See, we build these fellows up. We built up over a 35-year period Iran and then the Ayatollah grabbed us. And we built up this fellow Saddam and then he got hold of us. Now we are building up Assad, and there is no education in the second kick of a mule.

That fellow was involved in Pan Am 103, involved in 283 Marines getting killed, involved in the six hostages held right now in Lebanon. And as long as you can control him, I can put my license plates back on. But if you do not, that $8 million is going to be wasted advertising that traveling is safe. Is that not right, Senator?

Senator BURNS. Well, that is exactly right and I would have to concur. But you are working through the Tourism Caucus and we appreciate your efforts there. So I think we are going to drive on, folks. The business of this country is business, as they say in South Carolina. It's business.

The CHAIRMAN. The committee thanks you very, very much, Mr. Secretary. We will keep the record open for another day for additional questions or comments, and I hope to take this nomination to the floor late tomorrow or some time Wednesday. I do not know whether we can pull it off in time before Secretary Mosbacher leaves for Kuwait, but we will do our best. We do appreciate your appearance today.

The committee will be in recess. Thank you, sir.

[Whereupon, at 4:04 p.m., the committee was adjourned.]

STATE OF CALIFORNIA,
Governor's Office, March 11, 1991.

HON. ERNEST F. HOLLINGS,
Chairman, Committee on Commerce, Science, and Transportation, U.S. Senate, Washington, DC.

HON. JOHN C. DANFORTH,
Ranking Minority Member, Committee on Commerce, Science, and Transportation, U.S. Senate Washington, DC.

Dear Fritz and Jack:

I want to take this opportunity to recommend in the highest possible terms the nomination of Ambassador Rockwell A. Schnabel, currently the Undersecretary of the United States Travel and Tourism Administration, as Deputy Secretary of the Department of Commerce.

Rock's credentials are impeccable. Having completed a highly successful tour of duty at USTTA, being responsible for increasing U.S. tourism earnings, and maintaining a highly visible presence on behalf Of American travel and tourism industries, Rock understands the need to promote American industries abroad and has been highly successful in that regard.

Indeed, as an international investment banker born in the Netherlands, Rock always has been at the forefront of American attempts to open markets and create new international industries. His successful tour of duty as the United States Ambassador to Finland resulted in his being awarded the Decoration of Commander, Grand Cross of the Lion by the Finnish government. Active in many community organizations, including the 1984 Los Angeles Olympic Games, Rock's achievements are numerous and are extremely valuable to his work for the Department of Commerce.

Again, I want to thank you for allowing me this opportunity to support Rock's nomination, and I look forward to his early confirmation.

Sincerely,

PETE WILSON, *Governor.*

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